

GROUPE
Bikini Village
 inc.

Annual Information Form
for the year ended February 3, 2007

April 16, 2007

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FORWARD-LOOKING STATEMENTS

The present document contains prospective information concerning our activities, financial output, financial position and future financing projects. This information is based on certain hypotheses and analyses carried out in the light of our experience and our perception of historic trends, current conditions and expected future events, as well as other factors considered appropriate under the circumstances. However, the question of whether actual events should conform to our expectations and our predictions is subject to a certain number of risks, uncertainties and hypotheses, including the risks and uncertainties described under the heading “Risk Factors” from the present Annual Information Form of the Company. Consequently, all prospective information contained in this document is provided subject to these risks and uncertainties, and it cannot be guaranteed that expected results or events will actually materialize, even materialize in the main or that they will have the expected impact on us.

The current outlooks set forth in this document represent our expectations as of April 16, 2007, and consequently, could conceivably change after this date. We have neither the intention nor the obligation to update or revise one or another of the projected outlooks, whether in light of new information, future events or otherwise.

ITEM 1 STRUCTURE OF THE COMPANY

1.1 CORPORATE NAME AND CONSTITUTION OF THE ISSUER

Groupe Bikini Village inc. (the “Company”) was incorporated pursuant to the Canada Business Corporation Act under company number 87718 Canada Ltd, by way of articles of incorporation dated July 24, 1978. Certificates of amendment were subsequently issued on August 24, 1978, January 26, 1983, February 20, 1984, September 25, 1985, and December 4, 1985, notably for the purposes of changing the Company’s name to Les Boutiques San Francisco Incorporées, modifying corporate share capital and removing the restrictions which resulted in the Company being deemed a “closed company”. On December 5, 1989, the Company filed articles of amendment for the purpose of creating Class B Preferred Shares, Series 2. On April 29, 1992, restated articles of incorporation were issued to consolidate all previously issued certificates of amendment.

On August 21, 1992, articles of amendment were filed for the purpose of modifying the Company’s share capital structure, thereby creating Class A multiple voting shares and Class B subordinate voting shares, converting the issued and outstanding common shares into Class A Multiple Voting Shares, redesignating the authorized but unissued common shares as Class B Subordinate Voting Shares, replacing the words common shares in the restated articles when referring to Class B preferred shares as a class and to Class B preferred shares, Series 2 as a series with the words Class A multiple voting shares and by cancelling the Class A Preferred Shares, as a class, and Class B Preferred Shares, Series 1, as a series. On July 6, 1998, the Company filed articles of amendment in order to subdivide the issued and outstanding Class A multiple voting shares and Class B subordinate voting shares on the basis of two (2) shares for each of the shares so subdivided.

On July 16, 2003, articles of amendment were filed for the purpose of modifying the Company’s capital structure by creating Class B Preferred Shares, Series 3.

On August 2, 2004, reorganization articles were filed for the purpose of changing the corporate name to Groupe Les Ailes de la Mode inc., to modify the structure of the share capital of the Company, thereby enabling the latter to be authorized to issue an unlimited number of common shares and an unlimited number of preferred shares as follows:

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- a) All Class A multiple voting shares issued and outstanding were changed to Class B subordinate voting shares;
 - b) 9,165,705 Class B subordinate voting shares of the 12,226,205 Class B subordinate voting shares were cancelled pro rata to the shareholders of record as at the effective date of the reorganization clauses;
 - c) The arrangements relative to classes and to the maximum amount of shares the Company is authorized to issue were modified as follows:
 - i) by the removal of the following share classes: Class A multiple voting shares, Class B preferred shares, Class B preferred shares, Series 2 and Series 3, authorized and unissued and starting from the classes themselves;
 - ii) by the removal of the rights, privileges and restrictions attributed to Class B subordinate voting shares and Class B preferred shares as a class and replacement by rights, privileges and restrictions pertaining to common shares as a class;
 - iii) by the designation of Class B subordinate voting shares as common shares.

On November 4, 2005, reorganization clauses were filed to apply the Company's change of name to Groupe Bikini Village inc.

The head office and principal place of business of the Company is located at 200-50 de Lauzon Street, Boucherville, Québec J4B 1E6.

1.2 SUBSIDIARIES

The Company does not have any subsidiary. The Company exercises its retail sales activities under the "Bikini Village" and "Ocean Bikini Village" banners.

ITEM 2 GENERAL DEVELOPMENT OF THE BUSINESS

2.1 BRIEF BUSINESS DESCRIPTION

The Company creates, contractually produces and commercialises beachwear products. Through its "Bikini Village" and "Ocean Bikini Village" boutiques, the Company offers customers all types of swimwear for men and women, beachwear and travel clothing as well as various beach and swimming accessories.

2.2 GENERAL DEVELOPMENT OF ACTIVITIES OVER THE LAST THREE YEARS

2004

On December 17, the Company having filed a petition with the Québec Superior Court to allow the Company to proceed with an operational, commercial, financial and cooperative reorganization under the protection of the Companies' Creditor Arrangement Act (CCAA), the first six months of the year 2004 were marked by an important process of reorganization which ended August 2, 2004 with the recapitalization of the Company.

The principal elements of the restructuring plan were;

- The sale of assets of boutiques operating under the San Francisco banner.
- The sale of assets of boutiques operating under the Victoire Delage/Moments Intimes banner.
- Reduction of store space for the Les Ailes de la Mode downtown Montréal store.
- Reduction of the surface of the Les Ailes de la Mode downtown Montréal store and concentration in two strategic sectors, i.e. Les Ailes de la Mode and the swimwear division exploited under the banners “Bikini Village” and “San Francisco Maillots”.
- Adoption of important measures to reduce general costs.
- The approval by the Court of the re-amended arrangement plan on July 9, 2004 and the expiration of the notice of appeal, on July 30, 2004, were the last two steps in the reorganization process.
- On August 2, 2004, the Company completed its reorganization by closing two private investments totalling \$19.04 million. The first investment entailed the issuance of 11,460,000 units among a group of investors at a price of \$1.50 per unit, for a total consideration of \$17.19 million. Each unit consists of a common share of the share capital of the Company, and a stock warrant to purchase common shares of the share capital of the Company at an exercise price of \$0.60 the first year and \$0.70 the second year. Furthermore, the Company issued unsecured subordinated debentures redeemable by the Company after three years and convertible at the holder’s discretion into common shares of the Company at a price of \$0.50 per share bearing interest at a rate of 12% per annum and maturing August 4, 2008. The second investment entailed the issuance of guaranteed debentures for a total par value of \$1.85 million maturing on August 4, 2008, thereby bringing the interest to the base rate of 14% per annum with the additional interest equal to the increase in value between the issuing date and the redeeming date of the debentures, bringing a block of common shares equal to 2% of the outstanding common shares, on a fully diluted basis as at August 4, 2004. On August 19, 2004, the issuance on an additional debenture in the amount of \$150,000 completed this investment for a total amount of \$2.0 million.

2005

The year 2005 was marked by the sale of shares of the subsidiary at 100%, Les Ailes de la Mode Incorporées, with the purchase date July 30, 2005, to an Ontario-based company 2034762 Ontario Limited, affiliated to the Fairweather Group. This subsidiary operated “Les Ailes de la Mode” stores, which offered to customers men and women clothing, accessories, kitchen articles, fragrances, cosmetics and also fashion accessories.

The Company undertook to supply services for a maximum transitional period of six-months. These services were completed on October 28, 2005.

Chronologically:

- As at February 13, 2005, all boutiques operating under the banner San Francisco Maillots, were converted into Bikini Village boutiques. At the same time, certain “Bikini Village” stores, which operated in the same shopping centres, changed their name to “Ocean Bikini Village”.
- On June 3, 2005, the Company completed a \$3.2 million financing agreement with investors involved in its August 2004 restructuring.

- On August 8, 2005, the Company sold all issued and outstanding shares and loans receivable of its wholly owned subsidiary Les Ailes de la Mode Incorporées, which operates the four Les Ailes department stores to The Fairweather Group for cash consideration of \$7.6 million. Of this cash consideration, \$4.2 million was paid at closing. The sale was effective as of July 30, 2005.
- On November 4, 2005, the Company obtained a court order from the Superior Court of the Province of Québec under the CCAA to allow for its proposal to the holders of its outstanding 12% unsecured debentures due in 2008 to exchange their debentures for common shares of the Company in orderly fashion.
- On January 27, 2006, the Company obtained sanctioning of its amended plan of transaction and arrangement, by the Superior Court of Québec.
- As a result, on February 20, 2006, all of the Company's outstanding unsecured 12% debentures due in 2008 were cancelled and exchanged for common shares. Therefore, the Company has issued 153,776,069 new common shares in exchange for all of the Company's obligations on the outstanding unsecured 12% debentures that are due in 2008. There was \$15,541,500 in principal amount plus unpaid accrued interest up to and including November 4, 2005, the date on which the Company obtained an initial order from the Superior Court of Québec under the CCAA. The Company had 172,677,515 common shares outstanding and had no long-term debt, as at January 28, 2006.

2006

Following the conversion of all the debentures into common shares at the beginning of the year, the Company concentrated on its operations. Four stores underwent renovations during the year.

ITEM 3 DESCRIPTION OF THE BUSINESS

3.1 RETAIL SECTOR

The Company creates, contractually produces and commercialises beachwear products. Its distribution network is concentrated in Québec and Ontario under the "Bikini Village" and "Ocean Bikini Village" banners. A total of 47 boutiques are operating under the "Bikini Village" banner, namely 22 in Ontario and 25 in Québec while eight boutiques operate under the "Ocean Bikini Village" banner.

3.2 PRODUCTS, PURCHASING POLICIES AND MARKETING

In its swimwear boutiques, the Company offers products for men and women, including swimsuits, beachwear and travel wear, along with beach and swimming accessories.

The purchasing department's conception, planning and supply team enables the Company to offer a wide assortment of merchandise adapted to the needs of each store's specific clientele by adapting the merchandise by product segment, brand, style, colour, size and season.

The Company constantly reasserts its position as a leader in the exclusive fashion industry by exerting control over design integrity, production, merchandising, delivery and product presentation while delegating members of its conception and purchasing staff to major international fashion markets. This

enables them to conduct research and acquaint themselves with fashion and market trends, and to locate supply sources for the Company's products.

Management sincerely believes that the layout of its retail outlets and the pleasant and distinctive atmosphere emanating from them constitute key contributing factors to the Company's success. The Company devotes significant attention to window displays in each of the boutiques. These displays are refurbished at least once a month under the supervision of a team of marketing specialists. The staff of each boutique, supported by specialized teams, repositions merchandise weekly with a view to specifically drawing customer attention to a variety of selected goods.

The management information and electronic data processing systems are essential elements to ensuring the success of the Company. Sums will continue to be invested to update them and therefore better control all sales, merchandising and inventory processes. A new budget planning system is integrated into the supply process that takes inventory, markdown and initial and revised sales plans into consideration, thereby allowing better management of deliveries and stock turnover rates.

3.3 SPECIALIZED SKILLS AND KNOWLEDGE

The Company has set up a recruiting and training programme for its store personnel. In an effort to recruit employees whose personality reflects the concepts it conveys, the Company uses various recruiting and interview techniques with a view to selecting candidates who possess experience, an understanding of these concepts and a personal sense of image, which enable them to promote these values with the Company's customers.

All new employees must attend an orientation session addressing the culture, vision and mission of the Company. The initial training provided allows them to learn the processes and methods of the Company as well as familiarize themselves with other matters related specifically to their respective responsibilities. Ongoing coaching completes the training, the ultimate aim of which is customer satisfaction.

3.4 COMPONENTS

The purchasing and conception department selects brands and collections in keeping with the store's positioning, various choices, average planned price, anticipated trends, identified monthly themes, and customer needs and requests. The purchasing department also develops lines that are exclusive to the Company in partnership with its suppliers, which include the following labels: Ocean Core, Skye and Turquoise. The Company is supplied by more than fifty manufacturers located in Canada, the United States and the Far East.

3.5 LOCATION OF BOUTIQUES

The Company's current policy is to lease space for its boutiques in major shopping centres in the provinces of Québec and Ontario.

The table below indicates the number and location of the Company's boutiques, as at the date of publication of this Annual Information Form:

	Bikini Village	Ocean Bikini Village	Total	Sales area in square feet
<i>Province of Québec</i>				
Island of Montréal	6	2	8	14,100
Metropolitan Québec City	3	2	5	9,292
Montréal Region (South Shore)	4	2	6	10,315
Montréal Region (North Shore)	5	1	6	9,991
Other Québec regions	7	1	8	13,098
<i>Province of Ontario</i>				
Metropolitan Toronto	10		10	14,379
Metropolitan Ottawa	3	-	3	3,603
Other Ontario regions	9	-	9	10,955
Total	47	8	55	85,733

In this respect, the Company benefits from short-term leases with renewal options. However, the majority of those leases provide for renewal options that may be exercised at the tenant's discretion.

The Company's administrative activities are housed at its head office, located at 200-50 de Lauzon St., in Boucherville, Québec. The Company leases 20,863 square feet to 9158-4961 Québec Inc., for a term of three years with a two-year renewal option.

All of the products sold throughout the points of sale originate from the logistic and distribution centre that is also located to 200-50 de Lauzon in Boucherville.

The Company relies on transportation companies to service all of its areas.

3.6 COMPETITION

The Company's target markets, which is to say women's and men's bathing suits, beachwear and travel clothing and certain beach and swimming accessories, continue to evolve within a very competitive environment in both Québec and Ontario. The two corporate banners face various types of competition, whether from single boutiques, chains of boutiques or traditional superstores.

The elements that make it possible for the Company to remain competitive are numerous and may be described as follows: product quality and exclusivity, a wide range of choices offered including private labels and brands, customer service, location of boutiques and warm welcome to customers.

Increased competition could adversely affect the Company's ability to achieve its objectives. The Company's inability to compete effectively with its current or any future competitors could result in, among other things, a reduction of market share.

3.7 TRADEMARKS AND TRADE NAMES

The Company considers its knowledge of and sustained efforts in design, its research on trends, its product design and development activities, its trademarks and trade names as important assets in maintaining its competitiveness and thus has numerous registered trademarks in Canada. The Company takes necessary legal measures to protect its trademarks and believes that these are adequately protected.

The Company's products are marketed under the following trademarks and trade names: "Bikini Village", "Ocean Bikini Village" and "Ocean Bikini Village". Moreover, the Company recently registered "Tropik" as a trademark with the launch of its own fashion magazine. Intended to be used in relation to bathing suit collections and accessories as well as in connection with services related to retail sales, these registered trademarks favourably impact the business of the Company as they are well known by Québec and Ontario consumers.

3.8 CYCLES

Many of the Company's products are seasonal by nature, with merchandise sales traditionally being the highest in the second quarter. Furthermore, the second quarter activities are subject to a certain degree of risk from unseasonable weather patterns. Variable costs can be adjusted, but many other costs, such as occupancy costs are fixed, resulting from the Company's reporting a disproportionate level of earnings throughout its quarters. This business seasonality results in any one quarter's performance not necessarily being indicative of the full year's performance.

3.9 ENVIRONMENT

The Company does not consider environmental protection requirements and related matters to have any significant effect on its capital expenditures, earnings or competitiveness even though the environment does remain an important and ongoing concern for the Company.

3.10 HUMAN RESOURCES

As at February 3, 2007, the personnel of the Company comprised approximately 460 employees, representing 205 full-time and 255 part-time employees. Of this number, 45 employees work at the head office, which figure also includes the boutique supervisory staff. The Company hires additional employees on a seasonal basis to meet increased demand during certain periods such as the summer. A complete benefits package, including dental and salary insurance, is set up for the full-time personnel of the Company.

3.11 REGULATIONS

A few of the Company's activities may require a number of permits and licenses from government authorities. The Company believes that it holds the permits and licenses necessary to operate properly. The Company's clothing is also subject to federal regulations governing textile labelling, while imported clothing is subject to regulations governing the marking of imported goods. According to management, the Company complies with any and all such regulations.

3.12 ADVERTISING, MARKETING AND PUBLIC RELATIONS

The Company's marketing strategy is developed and deployed by an in-house team and completed with trade professionals. The marketing strategy is based on the Company's clear customer-focused positioning, and takes the form of various programs specific to each market segment targeted by the Company.

The Company considers that its target market segments are made up of well-informed consumers interested in fashion. Relational marketing is therefore a crucial component in consolidating corporate/consumer relations. Direct advertising and relational activities help stimulate goodwill in stores by featuring trademarks and advertising promotional offers, highlighting the Company's distinct features.

Advertising is generally developed and produced by trade professionals. The Company projects its corporate image prominently both inside and outside of its sales outlets, which are considered to be the most important marketing vehicles of the Company.

Media are selected based on their ability to reach and measurably impact the target group. The principal media used by the Company include billboards, local newspapers, external and internal posting (shopping malls), radio, the Internet (website, viral communication and advertising e-mails) and electronic broadcasting media. Special events play an important role in attracting new and repeat customers. The Company also resorts to public relations to promote its brands.

From the standpoint of research, studies are constantly being conducted with staff, thereby enabling the Company to better grasp client evolutionary patterns and to better meet customer needs.

The Company operates a website for the Bikini Village and Ocean Bikini Village banners. This website contains information on the products, activities and services of the two banners. Furthermore, the Company enjoys the addition of its own fashion magazine named "Tropik".

3.13 RISK FACTORS

We urge all of our current and potential investors to carefully consider the risks described in the sections referred to below as well as the other information contained in this Annual Information Form and other information and documents filed by us with the appropriate securities regulatory authorities before making any investment decision with respect to our securities. The risks and uncertainties described in such sections are not the only ones we may face. Additional risks and uncertainties that we are unaware of, or that we currently deem to be immaterial, may also become important factors that affect us. If any of the following risks actually occurs, our business, cash flows, financial condition or results of operation could be materially adversely affected. Such risk factors should be considered in connection with any forward-looking statements in this document and with the cautionary statements contained in Forward-Looking Statements section.

Retail sales are influenced by changes in economic variables and consumer confidence. There are a number of external factors that affect economic variables and consumer confidence over which the Company exercises no control, including interest rates, personal debt levels, unemployment rates and levels of personal disposable income. Events such as political or social unrest, natural disasters, disease outbreaks or acts of terrorism could have a material adverse effect on the Company's performance, particularly during a peak season. Traditionally, the retail fashion business has been seasonal in nature. Many of the Company's products are seasonal by nature, with merchandise sales traditionally being the highest in the second quarter. Furthermore, the second quarter activities are subject to a certain degree of risk from unseasonable weather patterns. Variable costs, including selling costs and expenses and, to

some extent, employee wages, can be managed to match the seasonal pattern. However, a significant portion of retail costs, including rent, are fixed and cannot be adjusted for seasonality. The Company must anticipate and respond to changing consumer preferences and merchandising trends in a timely manner. Although the Company attempts to stay abreast of emerging lifestyle trends and consumer preferences affecting its merchandise, failure by the Company to identify and respond to such trends could have a material effect on the Company's business and the results of its operations.

The Company's incapacity to obtain or renew during favourable conditions, certain rental spaces, may have a negative impact on the Company's business and the results of its operations.

The Company is dependant on its suppliers' support of the Company's operations. The successful implementation of the business strategy will involve the maintenance of strong relationships with key brand name suppliers. The Company has been working in recent years, in a specific manner with certain suppliers on its private label programs. Accordingly, there can be no assurance that such sources will continue to meet the Company's quality, style and volume requirements. In addition, should suppliers refuse or be unable to extend normal credit terms within a reasonable period of time, refuse to ship manufactured goods or refuse to purchase goods to fill orders made by the Company, the Company would have insufficient inventory for future seasons. The inability of the Company to obtain quality and fashionable merchandise in a timely manner could have an adverse material effect on the Company's business and the results of its operations.

In order to support the current and future requirements of the business in an efficient, cost-effective and well-controlled manner, the Company is reliant on information technology systems. These need a constant updating in order to act as an enabler for the business to achieve its operating objectives. These systems are essential in providing management with the appropriate information for decision making, including its key performance indicators. Change management risk and other associated risks will arise from the various information technology projects which will be undertaken to upgrade existing systems and introduce new systems to effectively manage the business going forward. Failure by the Company to appropriately invest in information technology or failure to implement information technology infrastructure in a timely or effective manner may negatively impact the Company's financial performance.

The Company is exposed to financial risks as a result of interest and exchange rate fluctuations and the volatility of these rates. The credit facilities bear interest at floating rates. Also, in the normal course of business, the Company conducts certain commodities transactions in foreign currencies. The Company holds no financial instruments to mitigate the risk.

Effective employee development and succession planning are essential to sustaining the growth and success of the Company. The degree to which the Company is not effective in developing its employees and establishing appropriate succession planning processes could lead to a lack of requisite knowledge, skills and experience which could, in turn, affect its ability to execute its strategies, efficiently run its operations and meet its goals for financial performance.

New accounting pronouncements introduced by appropriate authoritative bodies may also impact the Company's financial results.

An acceleration of the schedule of concept renovations, an organic expansion strategy or the leveraging strategy of the Company's intangible assets in new territories and distribution channels would bring forward a need for adequate financing before the realization of these projects; failure by the Company to find adequate financing would limit the Company's growth.

We also refer you to the Company's 2006 MD&A item entitled "Risks and Uncertainties."

ITEM 4 DIVIDENDS

No dividend has been paid in the last three financial years on any shares of the Company.

The Company has instituted no policy on dividends.

ITEM 5 DESCRIPTION OF SHARE CAPITAL

The capital stock of the Company comprises an unlimited number of common shares and an unlimited number of preferred shares.

As at February 3, 2007, there were 172,677,515 common shares issued and outstanding.

The following is a brief description of the attributes of the share classes. This description does not purport to be complete and is provided subject to the Company's articles of incorporation which may be consulted by visiting the SEDAR website at www.sedar.com under the link "Security holders documents-French".

COMMON SHARES

Pursuant to the rights, privileges, conditions and restrictions pertaining to Class B preferred shares as either a class or series, common shares include the following rights, privileges, conditions and restrictions:

1. Vote

The common shareholders are entitled to receive notice of any meeting of shareholders of the Company and to attend and vote on all the matters submitted to the shareholders of the Company, with the exception of certain assemblies where only holders of a specific class or series of shares have a distinct right to vote in accordance with the *Canada Business Corporations Act* or the Company's articles of incorporation. Common shares confer upon their holders one (1) vote per share.

2. Dividends

Pursuant to the rights attaching to the preferred ranked shares of the Company and to the provisions of the *Canada Business Corporations Act*, each common share confers upon the registered holder the right to receive dividends, on a per share basis, as shall be determined by the Board.

3. Liquidation

In the event of forced or voluntary liquidation, dissolution of the Company or distribution of corporate assets for any reason, and pursuant to the priority rights attaching to each class of preferred shares deemed senior in rank to the common shares, all of the Company's assets available for payment or distribution to common shareholders shall be paid out or distributed equally, on a per share basis, to the common shareholders.

4. Amendments

Any amendment to the Company's articles of incorporation seeking to abolish or amend one or the other of the rights, privileges, conditions or restrictions pertaining to the common shares shall be authorized by at least two thirds (2/3) of the votes cast at a meeting of the common shareholders convened for this purpose. The formalities to be observed with respect to the forwarding of the notice of meeting, holding of the meeting and quorum shall, allowance being made for necessary adaptations, be those set out in the bylaws of the Company as concerns meetings of holders of voting shares.

PREFERRED SHARES AS A CLASS

1. Issuance in series

The preferred shares may, at all times, be issued in one or more series as set out herein below. They are ranked according to the payment of dividend and reimbursement of capital in the event of dissolution, liquidation or any other distribution of the Company's assets.

The directors may, from time to time, oversee the creation and issuance of series of preferred shares provided that they first take action as follows with respect to each such series:

- a) determine the designation of the series of preferred shares;
- b) determine the number of preferred shares comprising such series;
- c) determine for such series the rights, privileges, restrictions and conditions attaching thereto, including but without limiting the scope of the foregoing, the rate, amount, method of calculation or conditions relating to the payment of dividends, cumulative or not, conditions and methods of redemption (including redemption at the holder's will) or purchase of such shares, as well as arrangements respecting all sinking or purchasing funds;
- d) accordingly amend the Company's articles of incorporation in compliance with the Canada Business Corporations Act.

2. Voting rights

Save for any express provision of the Canada Business Corporations Act to the contrary, the preferred shares shall not allow holders to vote at meetings of the shareholders, or to receive notices of meetings or be present at such meetings. However, where the Canada Business Corporations Act requires that a vote be taken by class, each preferred shareholder shall have one (1) vote for each preferred share held. Furthermore, where the Canada Business Corporations Act requires that a vote be taken per series, each preferred shareholder shall have one (1) vote for each preferred share held.

Preferred shareholders shall not have the right to vote separately as a class and the holders of preferred shares of any series shall not have the right to vote separately as a series in the event of amendments to the Company's articles of incorporation as set out in subparagraphs (a), (b) and (e) of paragraph 1 of Section 176 of the Canada Business and Corporations Act.

3. Right to dividends

The preferred shares of all series confer upon holders the right to receive, during each financial year of the Company, or at any other interval provided for in the amendment clauses required by the Canada Business and Corporations Act upon creation of a series of preferred shares, cumulative or non-cumulative preferential dividends, payable at times, at rates, in amounts and at a location or locations as shall be determined by the directors with respect to each series prior to the issuance of any such series of preferred shares.

No dividend may be declared, paid out or reserved for payment at any time during the financial year of the Company with regard to common shares or any other share of any other class of the share capital of the Company ranking after preferred shares, unless, during this same period, the standard dividend and all accumulated and unpaid dividends on series of preferred shares with cumulative dividends have been declared, paid out or reserved for payment and all dividends on series of preferred shares with non-cumulative dividends have been declared, paid out and reserved for payment.

The cumulative dividend on every series of preferred shares shall begin to accrue from the date of issuance unless the articles of amendment required pursuant to the Canada Business Corporations Act provides for a different date. In this case, all such cumulative dividends shall begin to accrue on the date set out in the articles of amendment.

The holders of all series of preferred shares with cumulative dividends participate on a pro rata basis in the payment of cumulative dividends if this operation is not conducted in entirety for a given series of preferred shares, and the holders of all series of preferred shares shall not be entitled to receive any additional dividend or a dividend different from the specific preferred dividend having been determined with respect to such series in compliance with the rights, privileges, restrictions and conditions attaching thereto.

4. Right to repossess

In the event of the liquidation or dissolution of the Company or any other distribution of corporate assets, the holders of all series of preferred shares shall be entitled to a share, calculated on a per share basis, of the Company's assets available for distribution and payment, in cash or in kind, in an amount equal to the consideration received by the Company in compensation for each such share at the time of issuance, or the value upon redemption of any series of preferred shares as determined by the Board upon creation and issuance of such series of preferred shares, and in the case of series of preferred shares with cumulative dividends, all dividends then accumulated and unpaid (shareholder participation being on a pro rata basis if this operation is not conducted in entirety for a given series of preferred shares) and, in the case of series of preferred shares with non-cumulative dividends, all the dividends then declared and unpaid, and all other amounts as determined by the directors with respect to each series prior to the issuance of preferred shares; after having received payment of all amounts owing pursuant to the foregoing, the preferred shareholders shall not be entitled to further participate in the distribution of the Company's assets.

The preferred shareholders are entitled to receive the amounts set out in the paragraph hereinabove with preference and priority over any similar distribution to the holders of common shares or any class of shares of the share capital of the Company ranking after the preferred shares. Should the balance of the Company's assets be insufficient to pay the entirety of the amounts owing to the preferred shareholders, available amounts shall be shared in proportion to

the amounts that would be payable to each holder respectively in the case of a full and complete payment.

ITEM 6 MARKET FOR SECURITIES NEGOTIATION

The common shares were registered with the Toronto Stock Exchange (“TSX”) under symbol “MOD” until January 23, 2006.

After the change of the corporate name to Groupe Bikini Village inc., the Toronto Stock Exchange granted the Company, in replacement of the “MOD” symbol, the “GBV” symbol for common shares exchanged on the Toronto Stock Exchange since January 24, 2006.

6.1 NEGOTIATIONS OF SECURITIES

Month	Common voting shares (GBV.TO)		
	High	Low	Volume
January 2007	0.125	0.11	6,939,597
December 2006	0.13	0.10	24,398,161
November 2006	0.12	0.095	5,118,167
October 2006	0.115	0.10	3,894,230
September 2006	0.135	0.11	16,977,666
August 2006	0.135	0.115	7,190,333
July 2006	0.145	0.095	24,606,507
June 2006	0.12	0.09	10,288,170
May 2006	0.13	0.115	19,332,771
April 2006	0.15	0.08	42,456,464
March 2006	0.10	0.065	36,009,451
February 2006	0.15	0.065	8,747,427

ITEM 7 DIRECTORS AND OFFICERS

The following table and subsequent notes provide the name, place of residence and principal occupation of each member of the Board of Directors and officers, as well as the number of years they have served the Company in the capacity of directors.

7.1. MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY

Name, province of residence	Principal occupation	Director since
PAUL DELAGE ROBERGE (Québec), Canada	Chairman of the Board – Groupe Bikini Village inc. President – REZOpr inc	1978
SYLVIE LALANDE ^{B)} (Québec), Canada	Corporate Director	May 19, 2006
JEAN DESMARAIS ^{A) B)} (Québec), Canada	Vice-President Valeurs mobilières Desjardins	July 5, 2006
RICHARD SOLY ^{A) B)} (Québec), Canada	Consultant	2004
JOE MARSILII, CA ^{A)} (Québec), Canada	Vice-President, Investments and Finance Jolina Capital inc.	March 1, 2007
MELINDA M. LEE, CA (Nova Scotia), Canada	Vice-President, Investments Clarke inc. ⁽¹⁾	April 16, 2007

A. Member of the Audit Committee

B. Member of the Corporate Governance Committee and the Human Resources Committee

(1) Mrs. Melinda Lee, representing Clarke inc., a shareholder holding approximately 10% of the Company's shares.

Over the past five years, all the directors carried on the principal occupation listed beside their name except for the following:

Mr. Richard Soly was President of Groupe Musique et Détail Québecor Média inc., until 2006;

Mrs. Melinda M. Lee was before May, 2006, President of Geosam Investments Limited for three years and previously, she worked as accountant in accounting offices of Ottawa and Halifax.

To the Company's knowledge, as at April 16, 2007, the directors, as a group, directly hold, control or enjoy 22,293,745 common shares of the Company representing 12.91% of the common shares of such class, including Clarke inc.

7.2 OFFICERS WHO ARE NOT DIRECTORS

The table below indicates the name, place of residence and the current position held by each of the officers who are not directors of the Company.

Name and place of residence	Current position
Yves Simard, C.A. (Québec), Canada	President and Chief Executive Officer
Sophie Gagnon (Québec), Canada	Director, Merchandising, Planning and Allocation
Lise Lahaise (Québec), Canada	Director, of Operations, Stores
Chantal Létourneau, C.G.A. (Québec), Canada	Comptroller

In the past five years, each of the officers listed above has held the principal occupation indicated opposite his or her name or a similar position within the Company, with the exception of the following:

Mr. Yves Simard is President and CEO for Groupe Bikini village inc. since December 7, 2006. Mr. Simard, between December 1997 and June 2003 was Chief Financial Officer of ZAQ inc. and before December 2006, Consultant of Management de Croissance Triangle inc.;

Ms. Sophie Gagnon is Director of Merchandising, Planning and Allocation for Groupe Bikini Village inc. since February 23, 2004. Before February 2004, she was senior buyer, Lingerie for Les Boutiques Jacob.

To the Company's knowledge, as at April 16, 2007, the officers who are not directors, as a group, hold or directly or indirectly control 100 common shares of the Company.

7.3 CEASE TRADE ORDERS, BANKRUPTCIES, FINES AND SANCTIONS

To the Company's knowledge, no director¹ or officer and no shareholder holding a sufficient number of securities of the Company can materially impact control of the Company:

- a) No such individual, in the ten years preceding the date of this Annual Information Form, was a director or officer of any issuer that, while this individual was acting in such capacity:
 - i) was the subject of a cease trade or similar order that denied the other issuer access to any exemptions under any Canadian securities legislation for a period of more than 30 consecutive days;
 - ii) upon ceasing to be a director or officer of such issuer, was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under any

- Canadian securities legislation for a period of more than 30 consecutive days owing to an event having occurred while the individual held such office; or
- iii) while the person operated this function or in the financial year following the individual's having ceased to act in such capacity, declared bankruptcy, filed a petition under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold its assets.
- b) No such individual was subject to court-imposed penalties or sanctions arising from Canadian securities legislation or a Canadian securities regulatory authority, or had entered into a settlement agreement with such authority; or
 - c) No such individual was subject to any other penalties or sanctions imposed by a court or a regulatory body likely to be deemed important in the mind of any reasonable investor seeking to make an investment decision.

Note: ¹ Other than Paul Delage Roberge, Lise Lahaise and Chantal Létourneau who assumed their current role as directors and officers of the Company when the latter restructured under the *Companies' Creditors Arrangement Act*.

To the Company's knowledge, no director or officer of the Company or a subsidiary thereof holding sufficient corporate securities as could materially impact control of the Company or personal holding company of one of the aforementioned individuals, has, within ten years of the date of this Annual Information Form, declared bankruptcy, filed a petition under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold its assets.

7.4 CONFLICTS OF INTEREST

To the Company's knowledge, no director or officer of the Company has an existing or potential material conflict of interest with the Company.

ITEM 8 PROMOTER

Mr. Gaétan Frigon acted in the capacity of promoter on behalf of the Corporation for the financial year ended January 29, 2005 and headed the restructuring of the Corporation undertaken in compliance with the CCAA. In his capacity of coordinator of the restructuring of the Corporation, Mr. Frigon was paid fees totalling \$420,000, namely \$60,000 a month for seven months on a contractual basis. He also received a bonus in the amount of \$112,500. Mr. Frigon no longer receives compensation from the Corporation.

ITEM 9 LAWSUITS

There are no lawsuits involving claims representing more than 10% of the assets of the Company.

ITEM 10 STOCK TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada is the transfer agent and registrar responsible for keeping the Company's records at its principal offices in Montréal, and co-transfer agent at its Toronto offices.

Montréal

Computershare Trust Company of Canada
1500 University Street
Suite 700
Montréal, Québec
H3A 3S8

Toronto

Computershare Trust Company of Canada
100 University Street
11th Floor
Toronto, Ontario
M5J 2Y1

ITEM 11 MATERIAL CONTRACTS

The Company has not entered into any material contracts outside the ordinary course of business.

ITEM 12 INTEREST OF EXPERTS

To the Company's knowledge, during and after fiscal 2006 through to the date hereof, partners and employees at Samson Bélair/Deloitte & Touche LLP, had held or did hold rights to less than 1% of common shares of the Company. The cabinet has confirmed its independence to the Audit Committee in the context of the Rules of Professional Conduct of the Institute of Chartered Accountants of the Code of Ethics of the Ordre des comptables agréés du Québec.

ITEM 13 AUDIT COMMITTEE**13.1 CHARTER OF THE AUDIT COMMITTEE**

The charter of the Audit Committee appears in Appendix A of this Annual Information Form.

13.2 COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises three directors, namely Messrs. Joe Marsilii, who acts as Committee Chairperson, Jean Desmarais and Richard Soly. The Board of Directors ruled that they are independent and that they have the financial skills necessary to perform their Audit Committee duties, in conformity with Multilateral Instrument 52-110.

13.3 RELEVANT TRAINING AND EXPERIENCE

Mr. Joe Marsili holds diplomas from Concordia and McGill Universities, is a Chartered Accountant and holds a Bachelor in Commerce (B.Comm.). In August 2001, he joined Jolina Capital inc. as Chief of Financial Services, later becoming Vice-President, Investments and Finance. Jolina Capital is a private owned Company. Mr. Marsilii sits on various Board of Directors.

Mr. Richard Soly received training in Administration at HEC of the Université de Montréal. Mr. Soly until 2006, was President of Groupe Musique et Détail, Québecor Média inc., and amongst others, Chairman of the Board of Conseil Québécois du Commerce de détail. Mr. Soly achieved operational experience as Company President during his career.

Mr. Jean Desmarais holds a Bachelor in Business Administration (BBA) from HEC of the Université de Montréal. Mr. Desmarais participated in various financing and private investments with Valeurs Mobilières Desjardins and acts as an Investment Advisor.

Each of the members of the Audit Committee of the Company possesses training and experience relevant to the performance of his duties, and, at some point, has been commissioned to evaluate financial statements presenting a level of difficulty comparable to that expected to be found in the financial statements of the Company.

13.4 PRIOR APPROVAL OF POLICIES AND PROCEDURES

In 2006, the Audit Committee has adopted no specific policy or procedure for awarding non-auditing contracts.

13.5 FEES FOR EXTERNAL AUDITING SERVICES

For the financial years ended February 3, 2007 and January 28, 2006, the following fees were billed by the external auditors for auditing and related services, as well as taxation and other services provided by such external auditors.

	2007	2006
Auditing fees	\$75,000	\$117,000
Fees for auditing-related services	-	\$33,010
Fees for taxation services	\$17,500	\$46,750
Fees for other services provided	\$28,435	-

Auditing fees include all professional fees paid out to Samson Bélair/Deloitte & Touche, LLP for auditing the annual financial statements and performing other audits involving legal deposits.

Fees for auditing-related services include all professional fees paid out to Samson Bélair/Deloitte & Touche, LLP for providing auditing-related services, notably consulting fees pertaining to standards for disclosing accounting and financial information.

Fees for taxation services include all professional fees paid out to Samson Bélair/Deloitte & Touche, LLP for ensuring compliance with taxation regulations, for providing taxation counsel, consultation and financial planning services in preparation for filing the income tax returns of the Company, and preparing capital and sales tax statements.

Fees for other services provided include all professional fees paid out to Samson Bélair/Deloitte & Touche, LLP for services other than those falling into the categories of Auditing Fees, Fees for Auditing-related Services and Fees for Taxation Services, and are comprised primarily of translation fees.

ITEM 14 ADDITIONAL INFORMATION

Additional information on the Company is available at www.sedar.com.

Also, additional information concerning the remuneration of directors and officers, loans granted the latter, the principal holders of the Company's securities, securities authorized for issuance under equity compensation plans and the interest insiders may have in major transactions, if any, appears in the

Management Proxy Circular of the Company regarding the last General Annual Meeting of the Company at which the directors were elected.

Additional financial information about the Company is presented in the Audited Comparative Financial Statements and in the Management Report prepared for the financial year ended February 3, 2007.

The following documents may be obtained upon request forwarded to the head office of the Company at 200-50 De Lauzon Street, Boucherville, Québec J4B 1E6:

- a) This Annual Information Form, and any document, or relevant pages of any document, incorporated herein by reference thereto;
- b) The comparative financial statements of Groupe Bikini Village inc. for the last financial year, the auditors' report relating thereto, and any interim and unaudited financial statements of the Company subsequent to the published financial statements of the Company's last financial year; and
- c) The Management Proxy Circular of the Company mentioned above.

The Company may charge any individual who does not hold any of the Company's securities reasonable fees for copies of such documents.

APPENDIX A: AUDIT COMMITTEE MANDATE

The Audit Committee (the “**Committee**”) is established by the Board of Directors (the “**Board**”) of Groupe Bikini Village inc. (the “**Company**”) to assist the Board in fulfilling its responsibility of monitoring the system of internal controls and the financial reporting process. The Committee also monitors the respect by the Company of its financial commitments as well as the legal and statutory requirements governing the presentation of financial information and the management of financial risks.

COMPOSITION AND QUORUM OF THE AUDIT COMMITTEE

The Audit Committee shall be comprised of a minimum of three (3) directors, all deemed independent ⁽¹⁾ by the Board, in accordance with the requirements of the laws and regulations to which the Company is subject. All members of the Committee shall be financially literate ⁽²⁾ and have a working familiarity with basic finance and accounting practices. Members of the Committee and the Chair shall be appointed by the Board.

A majority of Committee members shall constitute a quorum.

AUDIT COMMITTEE RESPONSIBILITIES

The Committee's responsibilities are as follows:

A. Regarding financial reporting

1. Review with senior management and the external auditor the annual financial statements and related notes as well as the Management and Discussion Analysis. Obtain detailed explanations from senior management justifying all material variances between the results of corresponding periods before presenting the financial statements to the Board and disclosing them. Review and approve the press release.
2. Review with senior management the quarterly Management and Discussion Analysis, the quarterly financial statements and press releases and obtain detailed explanations justifying all material variances between the results of corresponding periods before presenting the financial statements to the Board and disclosing them.
3. Ensure that adequate procedures are in place to review the information released to the public extracted or derived from the financial statements of the Company, other than the financial statements, the Management and Discussion Analysis and all press releases concerning the results of the annual and quarterly financial statements.

(1) An Auditing Committee director is independent only when there is no important relationship, direct or indirect, with the Company, i.e., when there is no relationship with the Board that may influence his independent status, indirectly or directly, and when no consultation fees are paid to him by the Board or Company with the exception of his remuneration as a director.

(2) That is, the capacity to read and understand a set of financial statements and present accounting questions of a scope and degree of complexity altogether comparable to those of which it can be reasonably believed that they will be raised during the reading of the financial statements of the Company.

4. Review the information located in the Prospectus, the Annual Information Form and other reports and documents containing similar financial information before recommending their approval to the Board of Directors and their public disclosure or depositing them with Canadian regulatory authorities.
 5. Review with senior management and the external auditor the acceptability and also the quality of the Company's accounting practices as well as any proposal to amend them, including (i) all essential accounting practices used, (ii) other ways of handling financial information discussed with senior management, the effects of their use and the treatment favoured by the external auditor, as well as (iii) any other important communication with senior management in this regard, and review the disclosure and the effect of the eventualities and reasonable character of the provisions, reserves and estimations which may have a significant impact on the presentation of the financial information.
 6. Review with the external auditor the problems or difficulties related to the auditing and the measures taken by senior management to settle disputes between it and the external auditor concerning the presentation of the financial information.
 7. Ensure that management has the proper review system in place to ensure that financial statements, reports and other disseminated financial information are in compliance with regulatory and legal requirements.
- B. Regarding the controls and procedures pertaining to financial reporting, internal controls and the management of risks
1. Monitor the quality and integrity of the financial, accounting and information management systems as well as the existence and proper functioning of the procedures and controls for reporting information and for internal control of the financial information of the Company, together with senior management and the external auditors.
 2. Periodically review the Management and Analysis Discussion Report to evaluate the efficiency of the controls and procedures for reporting information.
 3. Regularly review and monitor the Company's risk assessment and management policies.
 4. Establish and, if necessary, revise procedures for receiving, conserving and handling complaints to the Company regarding accounting, internal accounting control or auditing matters, including the forwarding, under confidentiality, by employees of the Company of concerns about debatable accounting or auditing issues.
 5. Establish and, if necessary, revise procedures for protecting denunciations so that no employee of the Company may be dismissed or penalized following a denunciation made in good faith to a superior or any other authority concerned regarding a potential violation of rules or regulations in force and applicable within the Company.
 6. Help the Board to fulfill its responsibility for ensuring that the Company complies with applicable legal and statutory requirements.

C. Regarding internal auditing

1. Review any management decision concerning the need for an internal auditing function, including the decision to retain external services to that effect and, in such case, approve the selected supplier, excluding the external auditors.

D. Regarding the external auditor

1. Monitor the work of the external auditor and review its annual written statement concerning its relationships with the Company and discuss relationships or services that may influence its objectivity or independence.
2. Recommend to the Board of Directors (i) the name of the external auditing firm which will be submitted to the shareholders for a vote, in order to establish or deliver an audit report or to render other auditing, examining or attestation services, as well as (ii) the remuneration of the external auditor for its auditing services.
3. Authorize all auditing services, determine non-auditing services that may be rendered by the external auditor and preapprove all non-auditing services the Company's external auditor can provide the Company, in accordance with the *Policy for approving services provided by the external auditor* and with the regulations in force concerning the provisions of Multilateral Instrument 52-110.
4. Review the justification and the amount of the external auditor's fees for both auditing services and authorized services, other than auditing.
5. Review the plan of the annual audit with the external auditor and senior management, and approve its scope and schedule.
6. Review, if necessary, the *Policy for hiring partners, employees and former partners and employees of the current or previous external auditor of the Company*.
7. Ensure compliance with the legal and regulatory requirements concerning (i) the rotation of the external auditor's appropriate partners (ii) and the external auditor's participation in the program of the Canadian Public Accountability Board.
8. Ensure that the external auditor always reports to the Audit Committee and the Board of Directors.

MODE OF FUNCTIONING OF THE AUDIT COMMITTEE

1. The Committee shall meet at least every quarter, or more frequently if necessary. Meetings of the Committee may be called by its Chair.
2. The Company secretary is deemed the Committee secretary.
3. The Chair of the Committee establishes the meeting agenda in consultation with the President of the Company, the Chief Financial Officer and the Secretary. The agenda and all pertinent documents must be sent to Committee members well in advance of the meeting.

4. Minutes of all meetings of the Committee shall be kept and submitted as soon as possible to the Board for information purposes only. In addition, the Committee will report to the Board on its activities, deliberations and findings at the Board meeting following each Committee meeting.
5. The Committee has direct lines of communication with the external auditor at all times.
6. The Board of Directors will meet regularly without the presence of senior management and the external auditor.
7. The Committee will meet separately with senior management and the external auditor at least once a year, or more often if necessary.
8. The Committee may hire external consultants, when circumstances are justified, and pay their remuneration, subject to informing the Chairman of the Board.
9. The Company annually reviews its mandate and reports to the Board on its pertinence.

No element of this mandate aims to extend the scope of the standards of conduct applicable under the requirements of the law or the regulations respecting the Company's senior management or the members of the Board. Even if the Committee has a precise mandate and even if the members have financial experience, they are under no obligation to act as auditors or to execute an audit, nor to determine if the financial statements of the Company are complete and exact.

The members of the Committee are entitled to trust, in the absence of information to the contrary, i) the integrity of the persons and organizations which provide them with information, ii) in the exactness and in the completeness of the information supplied, and iii) the statements made by senior management concerning non-auditing services which the external auditor supplies to the Company. The monitoring responsibilities of the Committee were not established so that the Committee could independently determine whether i) senior management has applied adequate principles in terms of accounting, presentation of financial information and internal procedures and controls, or whether ii) the financial statements of the Company have been prepared and, as the case may be, verified according to accounting principles and generally accepted auditing standards.

* * * *

Approved by the Board of Directors on December 6, 2006